

Vouchers

Background

A few states and local school districts, including Milwaukee, Wisconsin, Cleveland, Ohio, and the State of Florida, have created voucher or scholarship programs to allow public school students to attend public or private schools of their choice. These programs have been one of the major centerpieces of proponents of increased choice for families and increased competition among schools as a vehicle for educational reform.

As with charter schools, the legal framework within which voucher programs operate or are proposed to operate differ between political jurisdictions. These differences include:

- Income requirements for student eligibility
- Eligibility of students already attending private schools
- Limits on the percentage of students utilizing vouchers allowed per school
- Levels of funding provided to students
- Use of vouchers to attend private, religious schools

Voucher programs are designed to provide the ability to choose directly to eligible families in the form of a voucher or scholarship; however, the funding may flow to the family or to a school. The amount of funding provided is typically equivalent to the per student state allotment (normally provided to the local district); the student is responsible for providing the remainder of funding required to attend the school of his/her choice. In addition, vouchers may be funded from local, state or private funding sources. This funding structure may complicate the accounting for vouchers at the local level.

Although voucher programs vary widely, in many current voucher programs the student is considered a pupil in the public or private school of choice to which he or she has transferred. In these cases, the LEA must account for the revenue transfer from state or local sources to another LEA or private school. The recipient school of the voucher student has the responsibility of accounting for the related revenue.

The number of jurisdictions with a voucher program currently in place is limited. However, vouchers remain a major issue in the debate over educational reform and school choice, and the prevalence of voucher programs may increase as other state and local bodies implement new programs. Therefore, while revisions to the Handbook to deal with vouchers may have limited application for LEAs at this time, such revisions will become increasingly important if voucher programs expand to other jurisdictions.

Accounting Treatment

The current Handbook does include revenue object codes that may be utilized by LEAs to account for voucher revenues from state and/or local sources. Voucher revenues should be accounted for utilizing the 1300 series of revenue object codes (Tuition); however,

these revenues should be distinguished from other types of tuition received from state and/or local sources. We recommend the following new revenue code:

1350 Tuition From the State/Other LEA's for Voucher Program Students.

For LEAs who make voucher payments to other LEAs or private schools, the current Handbook does not provide specific guidance. In order to account for LEA expenditures to charter schools, we propose that program code 500 read as follows:

500. Third Party-Provided Educational Programs

Activities for students attending a school or program established by a third party, including entities established by an agency other than the State, a subdivision of the State, or the Federal Government. The services consist of such activities as providing instructional services, attendance and social work services, health services, and transportation for students who otherwise would be served by the LEA.

502. Voucher Programs. Activities related to the provision of educational services to students at other LEAs or private educational institutions through a state or local voucher program. These activities include services that would have otherwise been provided directly by the LEA.”

The proposed program code does not distinguish between vouchers payments that are made to other LEAs versus those made to private schools. Based on feedback from the Handbook Information Committee, the type of recipient organization should be captured through the use of the 560 expenditure object codes (Tuition); however, voucher payments should be distinguished from other types of tuition payments made to LEAs. We propose the following new expenditure code:

566. Tuition to LEA's for Voucher Payments. Tuition paid to LEA's for students utilizing a state or local voucher program. This object code should be utilized in conjunction with program code 502 (Voucher Programs). LEA's and SEA's should utilize this code for all payments made to LEA's for voucher programs.

Coding Examples

1. An LEA accepts two students from another LEA through a state-sanctioned voucher program. The vouchers are funded by a combination of state and local funds and the payments are made by the original LEA of the two students. The payment made consists of \$4,000 per student with half of the revenue associated with state sources and the remainder from local sources.

The LEA receiving the two students should code the voucher tuition payment as tuition revenue. Thus, the total of \$8,000 of the revenue should be coded to revenue object code 1350 (Tuition From the State/Other LEA's for Voucher Program Students).

Note: The expenditure from the LEA making the voucher payment should be coded to program code 502 (Voucher Programs) utilizing expenditure object code 566 (Tuition to LEA's for Voucher Payments).